

SENATE BILL 2657

By Crowe

AN ACT to amend Tennessee Code Annotated, Title 67, Chapter 4, relative to excise and franchise taxes.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 67-4-2008, is amended by adding the following as a new subdivision:

(8)(A) Any family-owned non-corporate entity where substantially all the activity of the entity is the production of passive investment income.

(B) For purposes of this subdivision (8):

(i) "Family-owned" means that all the ownership units of the entity are owned by members of the family, which means, with respect to an individual, only:

(a) an ancestor of such individual;

(b) the spouse of such individual;

(c) a lineal descendent of such individual, of such individual's spouse, or of a parent of such individual; or

(d) the spouse of any lineal descendent described in subdivision

(c).

For purposes of this subdivision (8), a legally adopted child of an individual shall be treated as the child of such individual by blood.

(ii) "Passive investment income" means gross receipts derived from royalties, rents, dividends, interest, annuities, and sales or exchanges of stock or securities to the extent of any gains therefrom.

SECTION 2. This act shall take effect upon becoming a law, the public welfare requiring it.